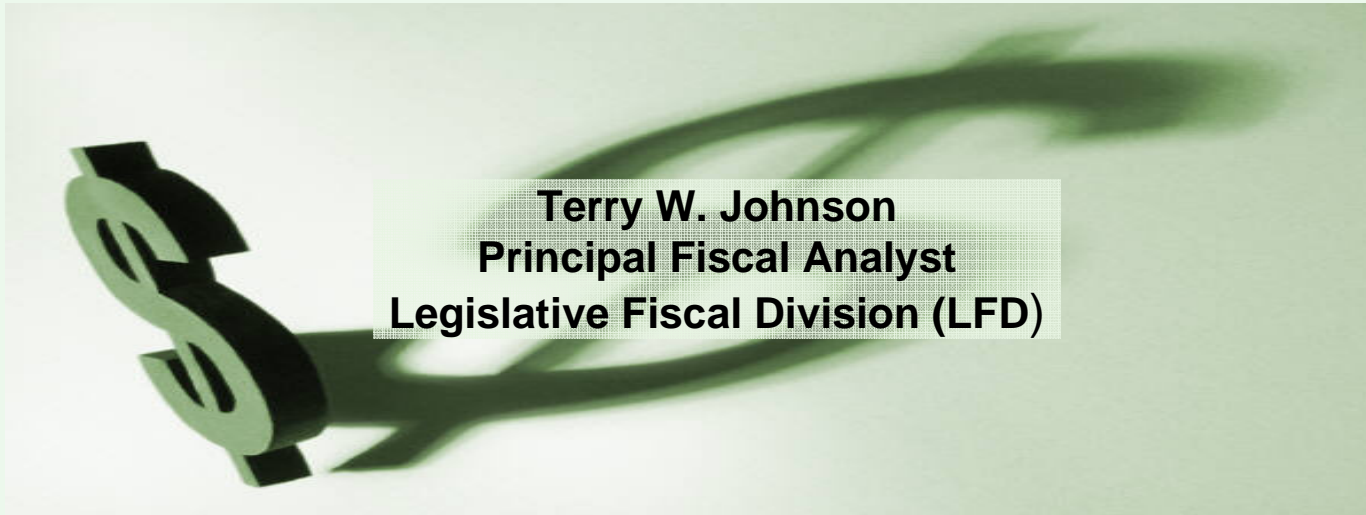




General Fund Revenue Report



Terry W. Johnson
Principal Fiscal Analyst
Legislative Fiscal Division (LFD)

April 18, 2008

A report to the
Revenue & Transportation Interim Committee



Presentation Outline

- **Comparison: HJ 2 to Now**
- **Selected Revenue Source Data**
 - Individual Income Tax
 - Corporation Income Tax
- **Economic Trends**
- **Summary and Watch List**





Summary of Aggregate General Fund Revenue

- Through March 2007 \$ 1,039.3 M
- Through March 2008 \$ 1,101.4 M
- Current Growth and Rate \$ 62.1 M 6.0%
- HJ 2 Growth and Rate \$ -60.0 M -3.3%



Comparison of Selected Revenue Sources

Comparison of General Fund Revenue Sources to Adjusted HJ2 Estimates				
Revenue Source	% of 2007	Actual Fiscal 2007	HJ2 Adjusted Estimate Fiscal 2008	Estimated Chg From 2007
Individual Income Taxes	45.2%	827,145,498	766,566,000	(60,579,498)
Corporation Income Taxes	9.7%	177,503,707	161,271,000	(16,232,707)
Property Taxes	10.4%	190,981,940	198,117,000	7,135,060
Natural Resource Taxes & Royalties	7.9%	144,466,392	152,406,000	7,939,608
Vehicle Taxes	6.4%	116,474,896	118,635,000	2,160,104
All Other Revenue Sources	20.4%	<u>373,299,386</u>	<u>372,908,000</u>	<u>(391,386)</u>
Totals	100.0%	\$1,829,871,819	\$1,769,903,000	(\$59,968,819)



Legislative Fiscal Division



Individual Income Tax Comparison

Individual Income Tax Comparison				
Revenue Code & Description	Through 3/31/07 Fiscal 2007	Through 03/31/08 Fiscal 2008	Difference	Percent Change
510101 Withholding Tax	425,775,554.33	466,125,483.79	40,349,929.46	8.66%
510102 Estimated Tax	151,515,565.41	164,105,412.88	12,589,847.47	7.67%
510103 Current Year I/T	23,265,968.96	27,785,823.03	4,519,854.07	16.27%
510105 Income Tax - Audit Collections	16,819,964.33	20,575,358.00	3,755,393.67	18.25%
510106 Income Tax Refunds	<u>(120,415,414.84)</u>	<u>(135,730,013.96)</u>	<u>(15,314,599.12)</u>	<u>11.28%</u>
Totals	\$496,961,638.19	\$542,862,063.74	\$45,900,425.55	9.24%
Percent of Actual/Estimated	60.08%	67.64%		





Legislative Fiscal Division



Corporation Income Tax Comparison

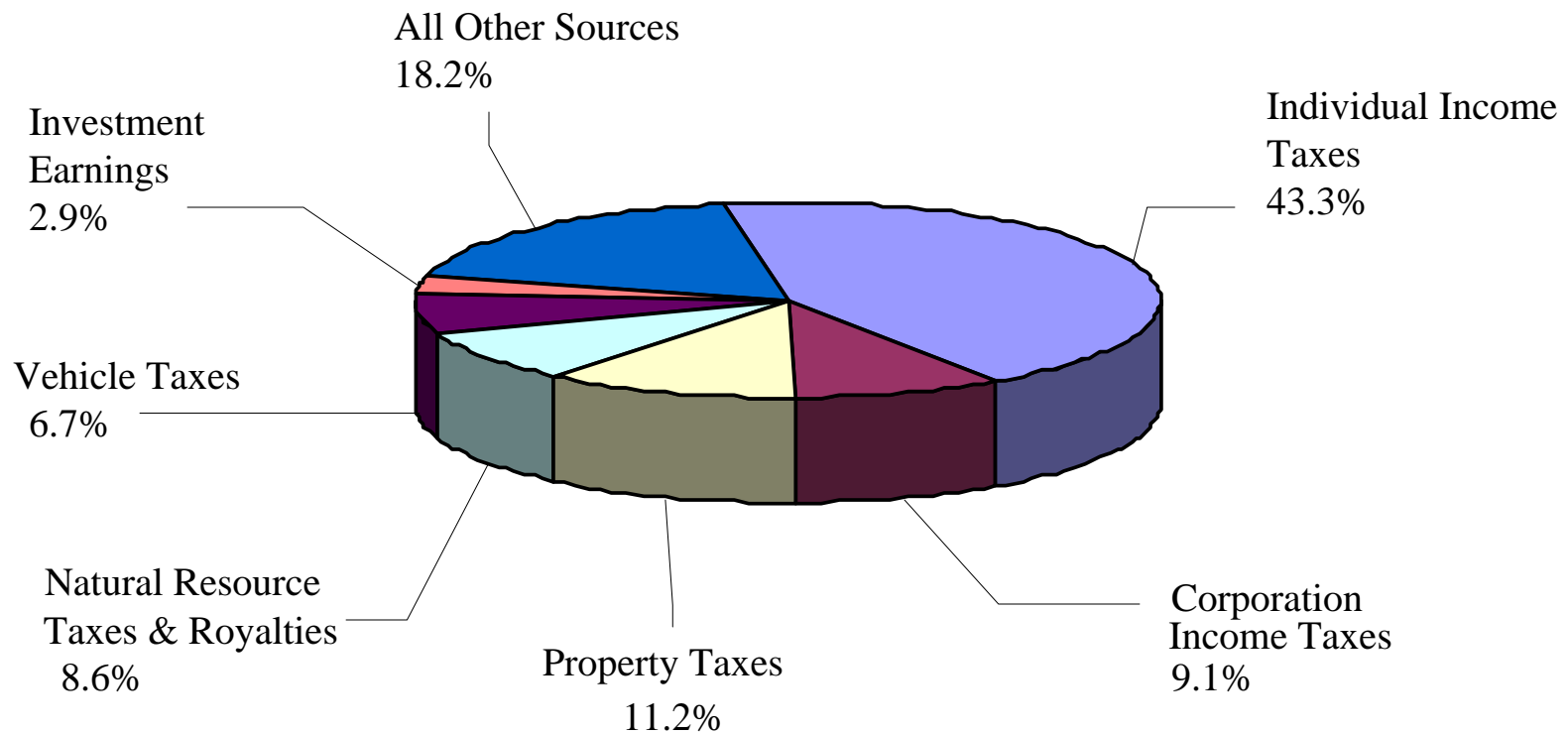


Corporation Income Tax Comparison				
Revenue Code & Description	Through 3/31/07 Fiscal 2007	Through 03/31/08 Fiscal 2008	Difference	Percent Change
510501 Corporation Tax	30,239,626.40	20,243,639.32	(9,995,987.08)	-33.06%
510505 Corporation Tax Estimated Paym	83,077,633.89	70,610,062.08	(12,467,571.81)	-15.01%
510502 Corporation Tax Refunds	(16,058,869.58)	(18,946,274.95)	(2,887,405.37)	17.98%
510503 Corporation Tax-Audit Collect.	<u>9,661,892.00</u>	<u>12,555,425.00</u>	<u>2,893,533.00</u>	29.95%
Totals	\$106,920,282.71	\$84,462,851.45	(\$22,457,431.26)	-21.00%
Percent of Actual/Estimated	60.24%	52.37%		





General Fund Revenue - Fiscal 2008 HJ 2 Estimates

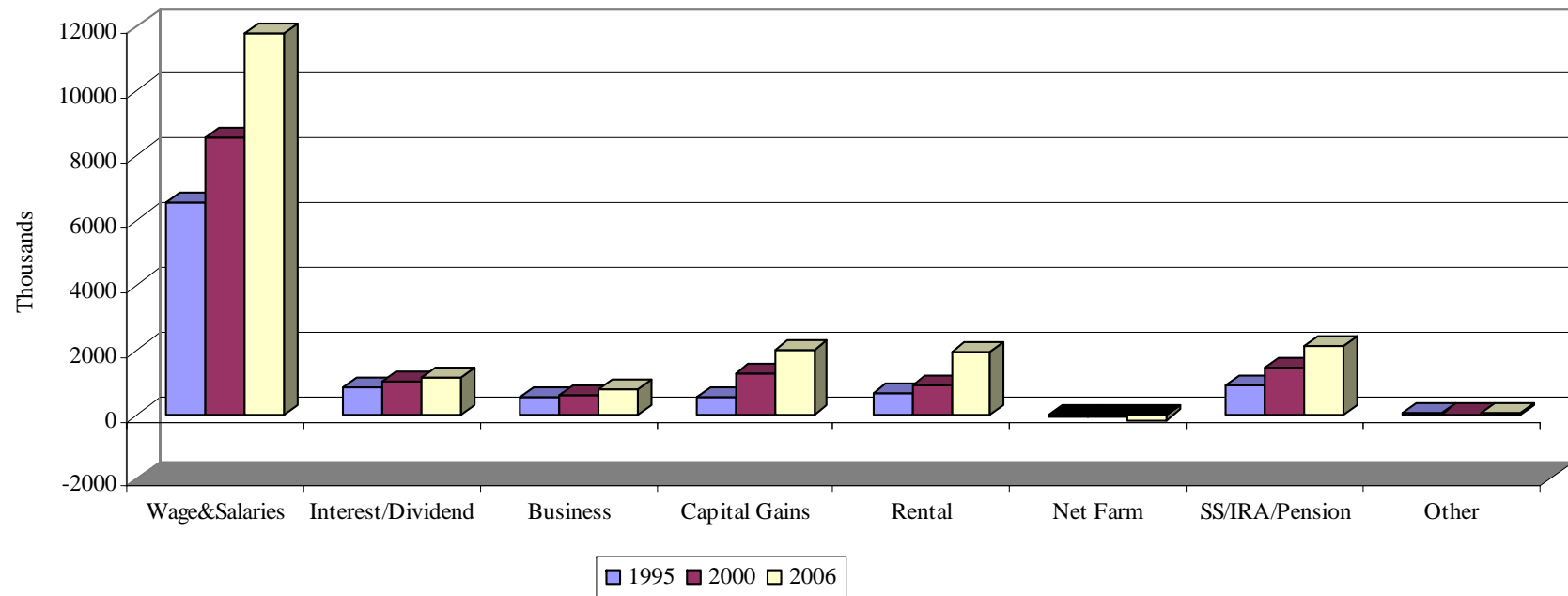




Legislative Fiscal Division



Montana Tax Return Income

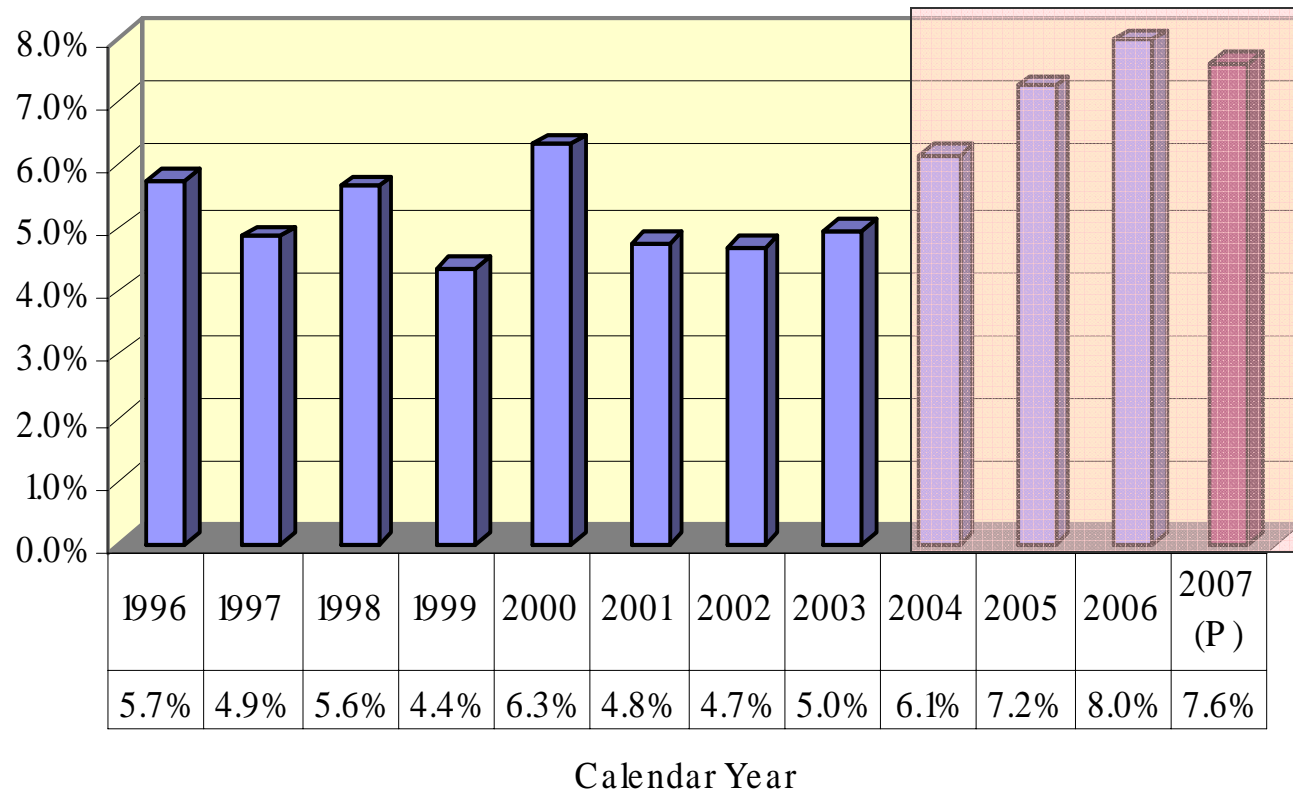




Legislative Fiscal Division



Percent Change in Montana Wage & Salary Income



Above graph reflects BEA revisions for 2001-2007.

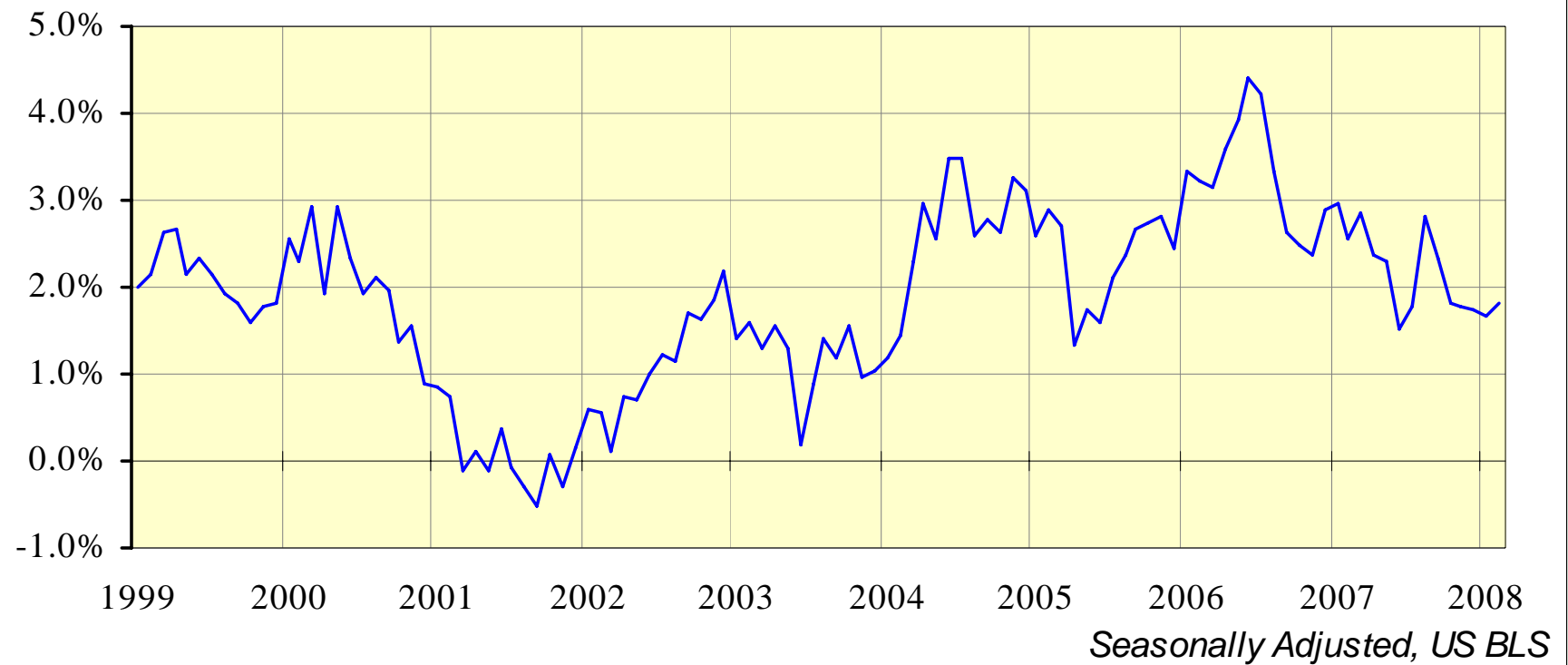




Legislative Fiscal Division



Total Montana Non-Farm Employment Year to Year Percent Change

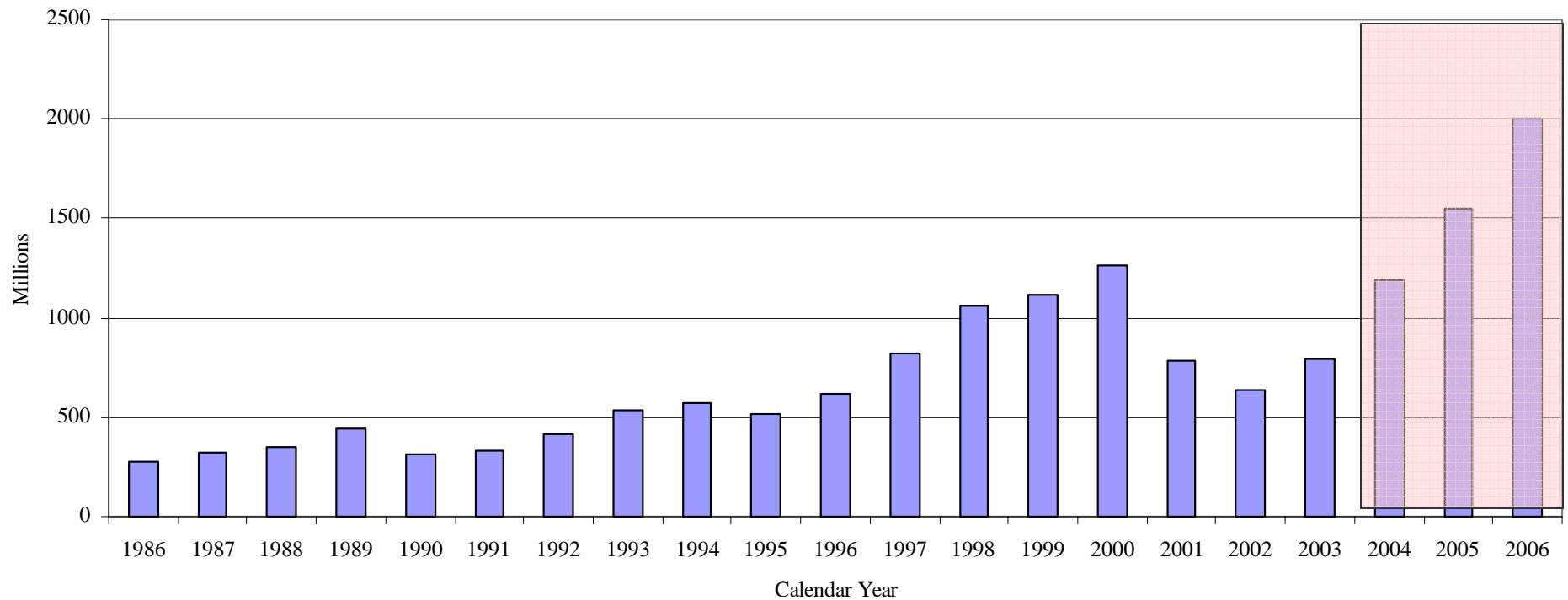


Above graph reflects BLS revisions for 2003-2007.





Montana Capital Gains Income

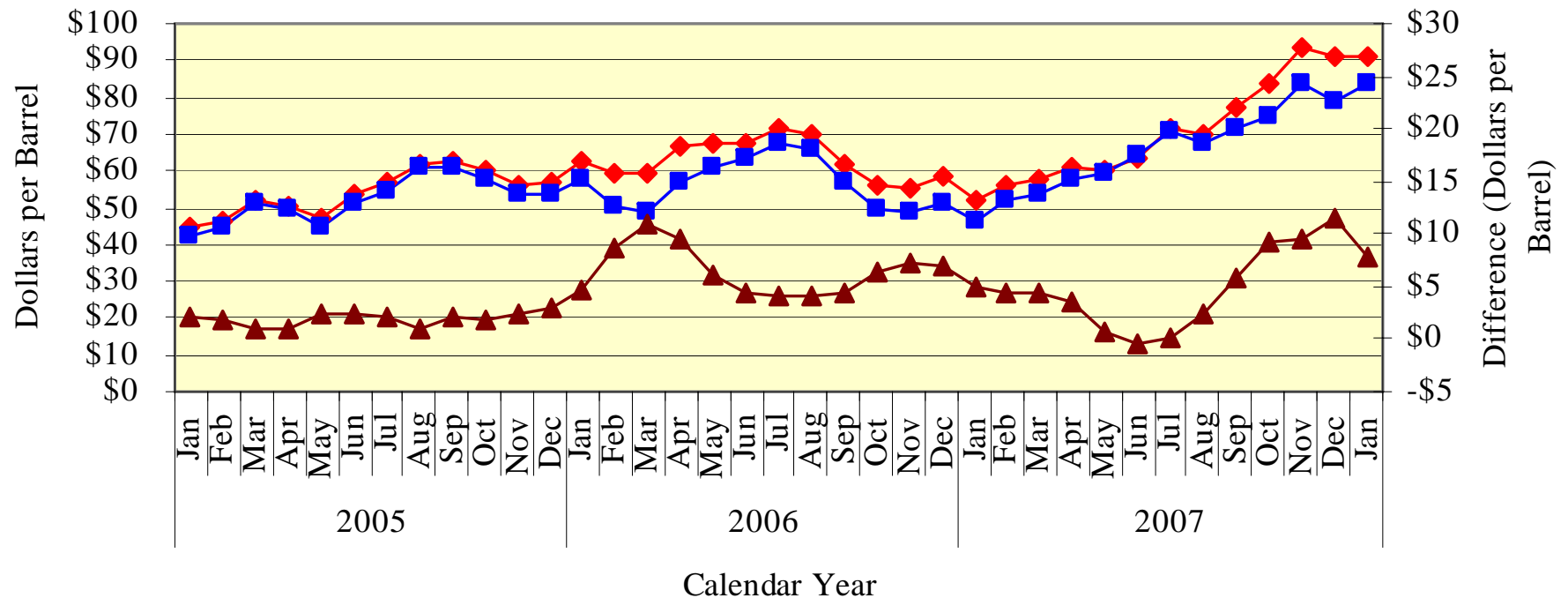




Legislative Fiscal Division



Crude Oil Prices



—◆— West Texas Intermediate Oil Prices —■— Montana Domestic Crude Oil Prices —▲— Difference

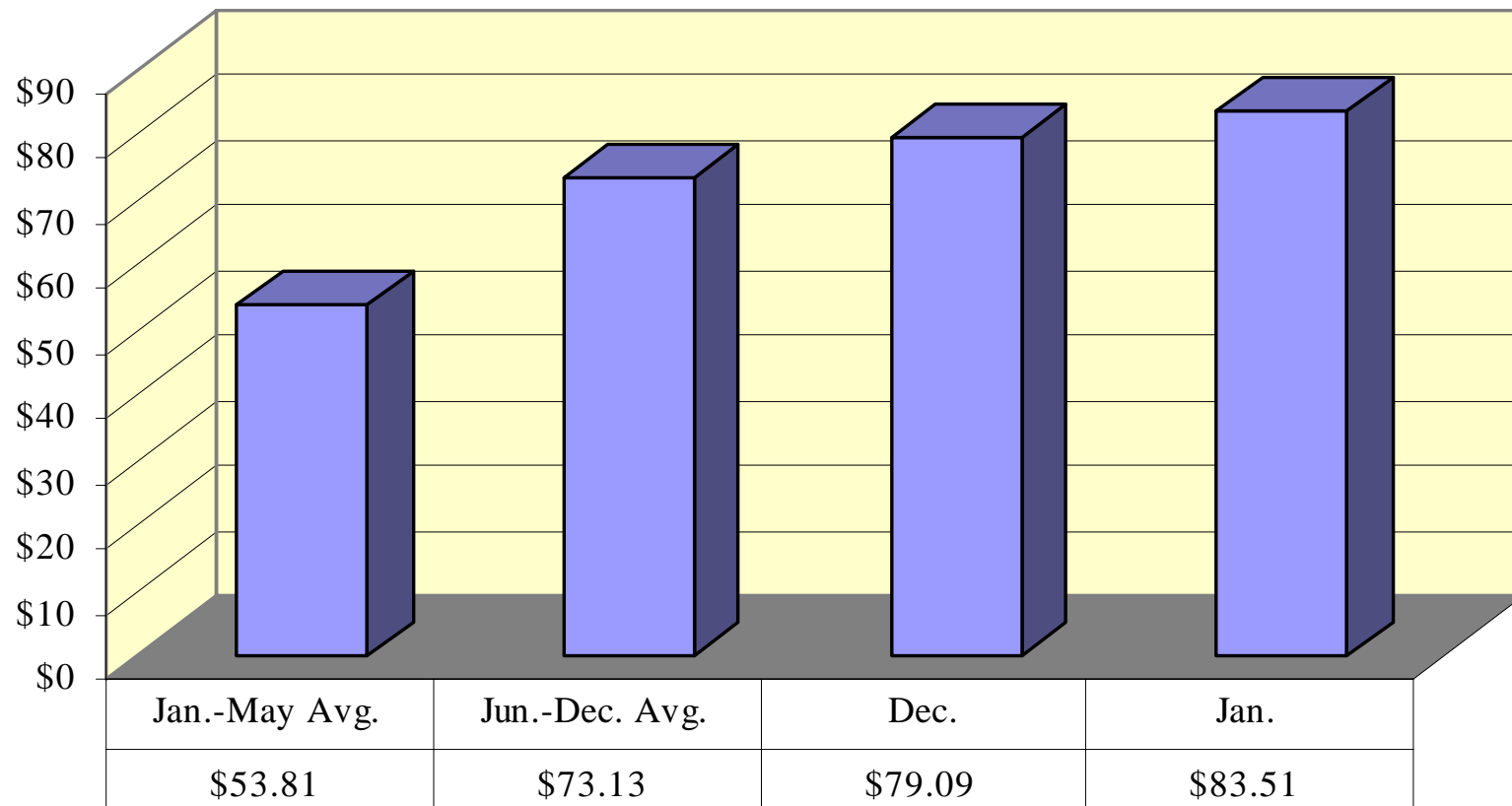




Legislative Fiscal Division



Montana Crude Oil Prices - Calendar 2007

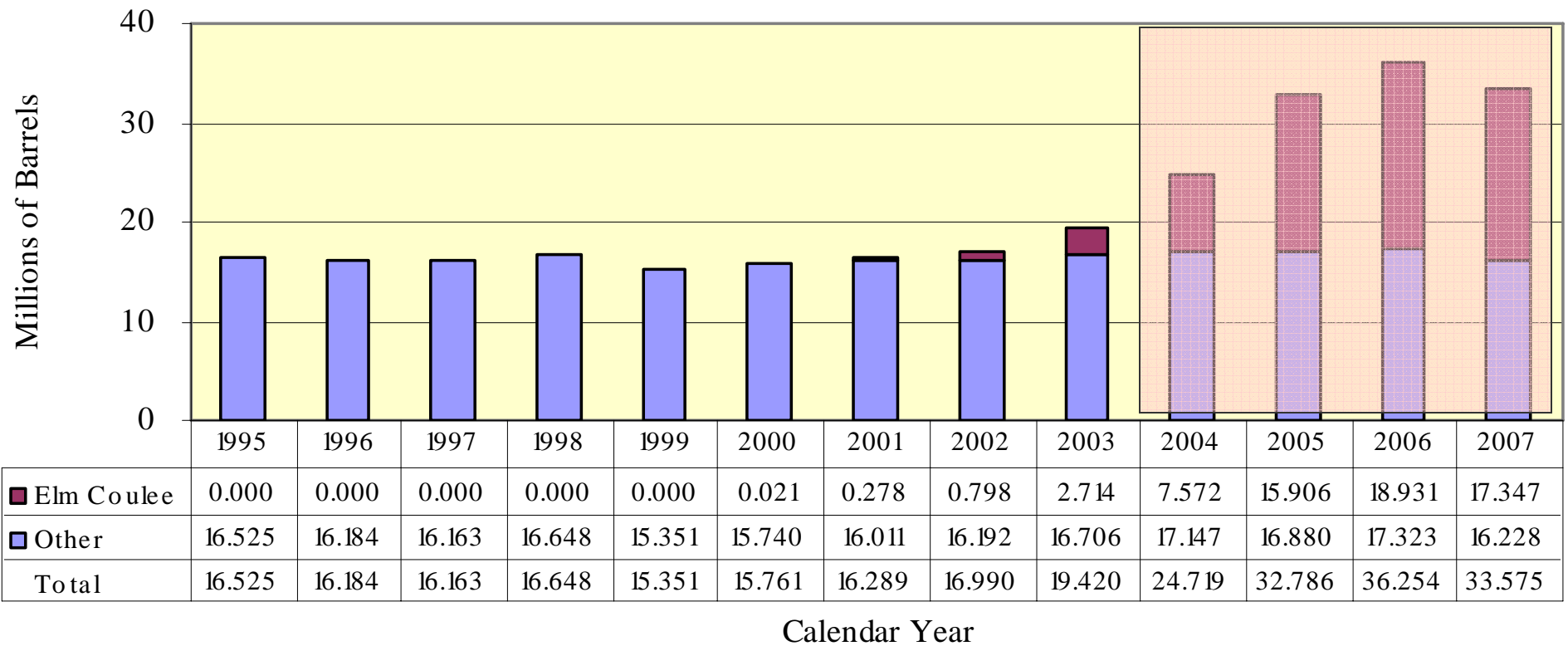




Legislative Fiscal Division

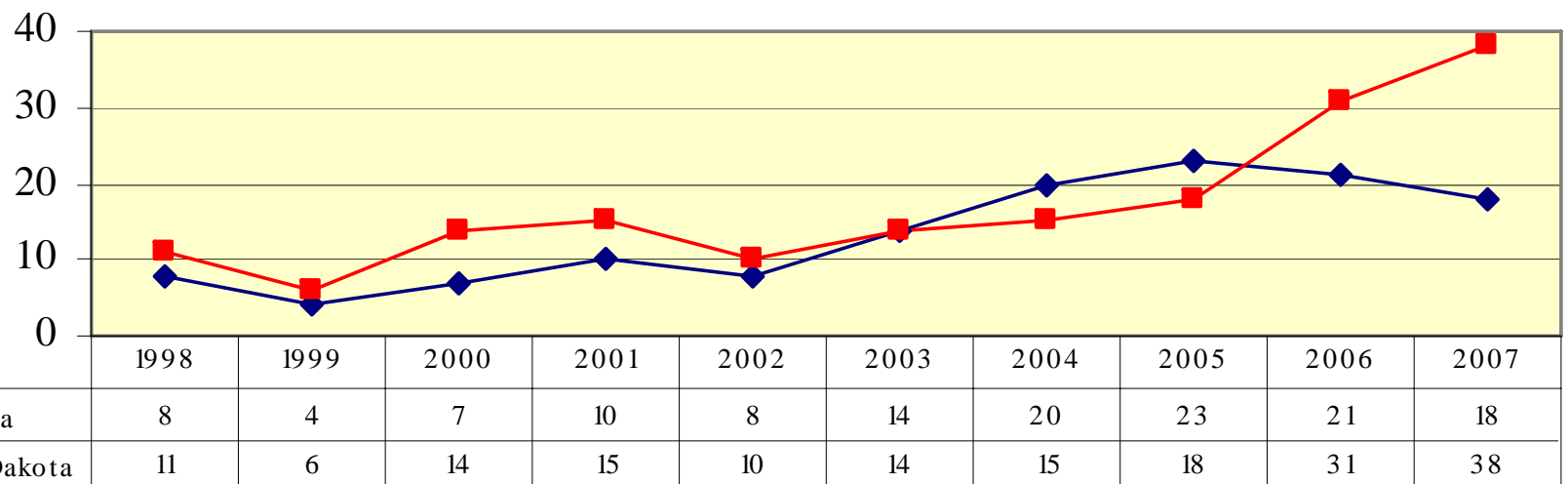


Montana Oil Production





Average Rig Counts By Year Montana vs. North Dakota



Calendar Year

—◆— Montana —■— North Dakota

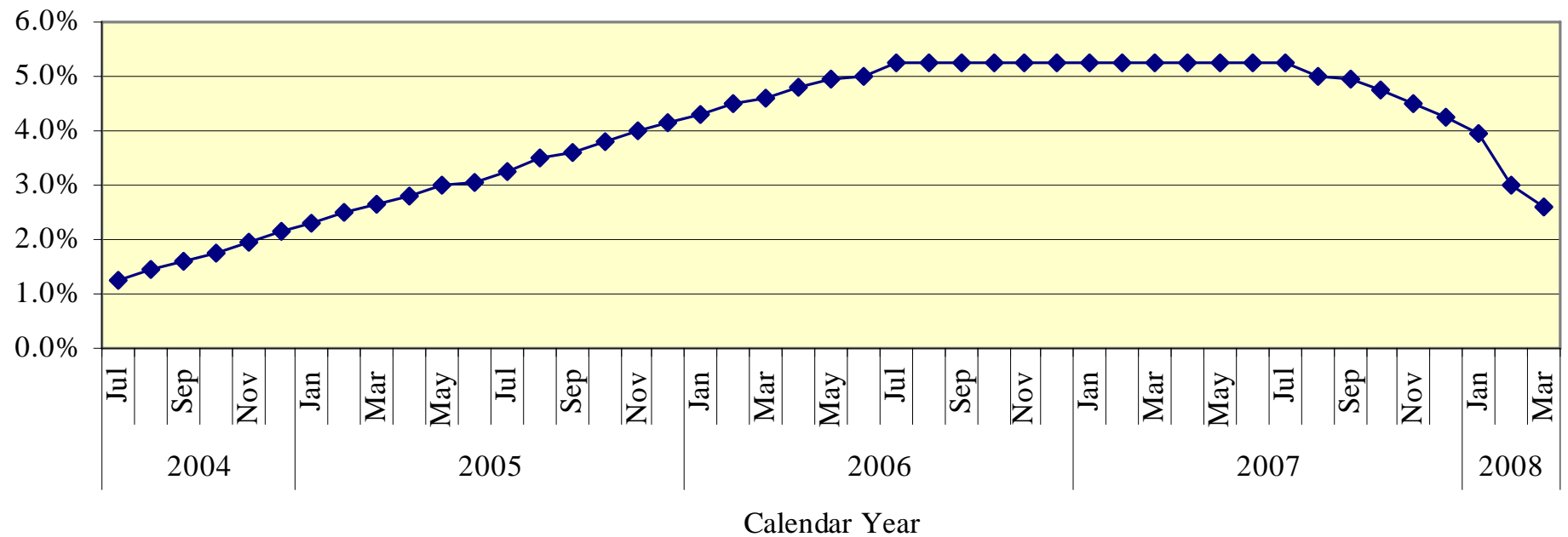




Legislative Fiscal Division



Federal Funds Rate
(Monthly Average)





Summary

Effects on Legislative Projected
FY 2008 Balance of \$190.7 M *
FY 2009 Balance of \$ 125.0 M *



Income Tax	↑
Corporation Tax	↓
Oil and Gas Production Tax	↑
Supplemental Appropriations	↓

*** September 2007 Special Session**





General Fund Balance Fiscal Issues Watch List

Issue	Impact on Fund Balance	Biennial Impact Millions
\$400 Rebate Reversion	Positive	\$4.2
PPL Protested Tax Settlement	Positive	\$2.3 plus
Federal Stimulus Package	Positive	\$4.4
Board of Investments (SIV's)	Negative	Unknown
Avista and PPL Lease Litigation	Positive	\$8 plus
State Fund Old Fund	Negative	\$33 to \$150
Wildfire Costs	Negative or Positive	Unknown
US Mineral Royalties State Share	Negative	\$0.6
I-155 Healthy Montana Kids	Negative	\$15.2

